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ABSTRACT

The objective of the study conducted at the Centre for Continuing Education (CCE) at the University of British Columbia was to determine that threshold pricing not only existed for continuing education courses, but also was applicable to an administrative decision-making structure. The first part of the three-part investigation analyzed consumer reaction to the CCE's price strategy of combined marketing and backward costing and found that little or no adverse effect on enrollment could be detected, although it was found that course length played a major negative role in course enrollment. The second part, the Preliminary Market Study, was developed as a pilot study to analyze the CCE's participants, their socio-economic background, and their community and education participation. Since it was found that the general participant market was distinct from the professional participant market, a third study was undertaken to examine the latter market more closely. That study determined that professional continuing education courses readily followed the theory of threshold pricing, and clearly indicated that threshold pricing was applicable and workable as a marketing mix technique for continuing education administrators. Significance tests were generally confirmed for a variety of research hypotheses. (JR)

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MARKETING CONTINUING EDUCATION: A STUDY OF PRICE STRATEGIES

Marvin E. Lamoureux

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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MARKETING CONTINUING EDUCATION:

A STUDY OF PRICE STRATEGIES

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March, 1976

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ABOUT THIS SERIES AND THIS PAPER

This Occasional Paper is the eleventh in a series being published by the Centre for Continuing Education. Our aim is to contribute to the field of adult education by publishing monographs which originate here at The University of British Columbia and are deemed to be worthy of reaching a wider audience than would otherwise be the case.

As Dr. Lamoureux documents, very little is available in the adult education literature on marketing and pricing of adult education programs. We are indebted to him for this study and trust that his analysis and conclusions will be of interest to a wide circle of continuing education practitioners in the field, especially in the universities and colleges. The monograph is based on the author's doctoral dissertation; those readers who are interested in the full details of research design and analysis are referred to it ("Threshold Pricing in University Continuing Education", unpublished doctoral dissertation, The University of British Columbia, 1975).

Dr. Lamoureux has been an active member of the Pacific Association of Continuing Education since 1972, and is presently the Chairman of its Editorial Board. Prior to returning to his native Vancouver in 1970, he was involved in adult education through his association with San Francisco State University, the University of California Extension Division (Berkeley) and the Alameda County School District Centre for Programmes for the Advancement of Creativity in Education (an H.E.W. project). Since returning to British Columbia, Dr. Lamoureux has been involved with three areas of adult education: continuing labour education, continuing education in the health sciences, and the adoption of marketing management and financial management techniques to adult education.

His most recent publications have been for PACE: Planning, Programming and Budgeting Systems (PPBS) and Cost Benefit Analysis (CBA): Economic Considerations for Adult Education, Douglas College Health Sciences

Division: Multiple Criteria Development for the Selection of Community College Nursing Programme Students; "Evaluating Educative Temporary Systems" (a study of the Canadian Labour Congress Labour College), Adult Education Journal.

He is currently an instructor in Business Administration at Vancouver Community College, Langara Campus.

Jindra Kulich
Acting Director

MARKETING CONTINUING EDUCATION:

A STUDY OF PRICE STRATEGIES

FOREWORD

Adult education literature related to the pricing function in marketing management is extremely limited. The reasons for this void may be found in the marketing discipline itself and adult education. Authors on marketing have not concerned themselves to the same degree with the marketing of services as the marketing of products.[1] Adult educators, on the other hand, have only recently been "expressing a need ... to develop marketing skills within their own staff or to seek the aid of professional marketers in the management, organization, and dissemination of information about their programs".[2]

This literature void in the marketing of services (rather than products) is filling with some recent material. Emphasis is generally being given to the use of marketing techniques for non-profit organizations.[3] In the past six years two major publications and at least six doctoral dissertations have focused on the relationship between the discipline of adult education and selected functions derived from marketing management.[4] All studies have attempted to draw implications that bear some practical value to individual administrators in the field. The following case study will also expand on one primary marketing function - pricing - and draw various generalized implications which may aid administrators and program planners to understand this function more clearly.

In conclusion, the future use of marketing concepts in adult education appears to be expanding ... "they (extension administrators) need to become master craftsmen of marketing techniques in order to manage effectively the transactions they are responsible for".[5]

FOOTNOTES

1. J.M. Rathmell, Marketing in the Service Sector, Cambridge, Mass.: Winthrop Publishers, Inc., 1974.

2. W.W. Buchanan and H.C. Barksdale, "Marketing's Broadening Concept is Real in University Extension", Adult Education, Vol. 25, No. 1, 1974, pp. 34-46.

3. Philip Kotler, Marketing Management For Non-Profit Organizations, Englewood Cliffs, N.J.: Prentice-Hall, 1975.

4. Marvin Lamoureux, Threshold Pricing In University Continuing Education, unpublished doctoral dissertation, Vancouver, B.C.: U.B.C., 1975; Donald Dodsworth, How to Develop Effective Promotional Procedures in Adult Education - A Computer-Assisted Instruction Course, unpublished doctoral dissertation, Columbus, Ohio: The Ohio State University, 1972; James Miller, A Theoretical Model to Improve the Extension Education Outreach of the Ohio State University; Utilizing Marketing, Behavioral, Business, Management, and Systems Concepts, unpublished doctoral dissertation, Columbus, Ohio: The Ohio State University, 1971; Ronald Stiff, Reforms as Products: A Marketing Management System Model For An Adult Education Course in Driving Improvement, unpublished doctoral dissertation, Evanston, Ill.: Northwestern University, 1971; James Bukhala, The Process and Strategy of Promoting and Developing an Audio-Visual Programme in Kenya, unpublished doctoral dissertation, Syracuse, N.Y.: Syracuse University, 1969; G.M. Naidu, Systems Approach to the Marketing Aspects of Higher Education, unpublished doctoral dissertation, E. Lansing, Mich., Michigan State University, 1969.

   The two major studies have been: W. Wray Buchanan and H.C. Barksdale, op. cit.; and Marvin Lamoureux. Economic, Psychological and Marketing Price Concepts For Adult Educators, Burnaby, B.C.: Pacific Association of Continuing Education, 1976.

5. Buchanan and Barksdale, op. cit., p. 34.

CHAPTER I

INTRODUCTION

Administrators in adult education, unlike their counterparts in elementary or secondary education, are confronted by administrative problems far beyond those classified as "educational". Adult educators usually do not have captive markets or clientele which are made available by legal statute. Program offerings, except in specific instances, are not limited by a provincial department of education and institutional existence, in a financial sense, is not totally determined through an automatic government budgeting system. What, in fact, sets public adult education administrators apart from their peers in elementary or secondary education may be defined within the concept of marginality.

Adult education administrators must allow the institution to function on a daily basis and, at the same time, grow to meet expanding community needs, not as a formally recognized educational institution, but as an addendum to a legally statuted institution such as a secondary school system, community college or university. Administrators are therefore placed in a position rather analogous to that of a marketing manager. Both are faced with the problem of pricing products or services which must successfully compete for a portion of the consumer's budget. If either person is unable to perform the marketing function successfully, the institution does not remain financially flexible. This causes a restriction on the administration to meet operational needs and may lead to a curtailment of future growth.

To overcome these marketing problems, the adult education administrator may adopt one of three general program pricing strategies. The first strategy places the administrator in a conservative position with respect to his program offerings. He makes "safe" programs available to his potential clientele. These may include government-financed academic or vocational courses as well as popular general interest courses which have been successful in the past.

His financial objective in this case would be to price courses so that a break-even point is virtually assured. If there is a greater demand than expected for a specific course and a profit is made, this unplanned profit could then be used for the development and presentation of programs which have a high probability of financial loss even though they may be definitely needed by a minority within the community.

The second pricing strategy demands that the administrator act more like a product marketing manager. In this sense, he researches the needs of his potential clientele and determines their attitudes towards certain prices or price lines for groups of courses. Price determination is not considered as just covering costs or earning a small profit; it is developed to earn the highest possible monetary return.

The third pricing strategy combines the two strategies as discussed above. Some educational programs are presented because they have proven themselves in the past and the administrator can anticipate the response. In this area he may maximize his returns if he wishes since he has a good "feel" for the market demand. Other courses may be new and their potential participation unknown. Pricing strategy in these "non-safe" courses becomes a matter of decision-making related to market research, public relations and guess-work.

Regardless of the pricing strategy, an adult education administrator must make correct pricing decisions so that planned financial returns from course fees, as well as pre-determined budgetary requests, allow him to:

1. Offer a wide range of courses which are needed by specific segments of the community, although these segments may not be able to afford such services;
2. Experiment with program offerings which would not normally be considered;
3. Penetrate markets which previously would have been considered too remote;
4. Acquire staff for new program development, and
5. Generally expand the services of the institution.[1]

Overview of the Studies

Because of the importance of successfully pricing course offerings, adult education administrators should look beyond the decision-making scope embodied in the cost-related break-even attitude and begin to realize that the price of an educational offering is not just to be defined as a cost factor to the potential consumer.

In preparation for a study of pricing and marketing of continuing education, several pricing methods, including two with a theoretical foundation (economic and threshold) and one with a marketing management foundation (multi-stage) were reviewed.[2] Because of its potentially broad applicability to the marketing of continuing education services, threshold pricing was used as the basis of this study. The general problem was to determine that threshold pricing not only existed for continuing education courses, but was applicable to an administrative decision-making structure.

Based on a review of the literature and discussions with several continuing educators, it was decided to conduct three separate studies--each building upon the other. The first two studies were formulated using exploratory hypotheses developed from the literature review. The third study was framed in research hypotheses and attempted to relate the theoretical foundations of threshold pricing to the U.B.C. Centre for Continuing Education's professional education course prices and the socio-economic background of the participants attending these non-credit courses.

The first study analyzed the price decision model used in the University of British Columbia Centre for Continuing Education to determine if this pricing model fit into the previously outlined three-part price strategy paradigm. Based on interviews with Centre administrators the third price strategy - combined marketing and backward costing - was the strategy most predominantly used. The study also analyzed consumer reaction to this pricing strategy and found that little or no adverse effect on enrolment could be detected. It was determined through the use of various statistical techniques that course length played a major negative role toward course

enrolment. Within the structure of threshold price theory, it was therefore suggested that the Centre's pricing strategy produced participant perceived "fair" or "acceptable" prices and that these prices did not generally approach an upper price boundary or limit.

The second, or Preliminary Market Study, was developed as a pilot study to analyze the Centre's participants, their socio-economic background, community and education participation. It was also necessary to determine if the so-called general participant market was the same as or different from the professional participant market.[3] They proved to be rather distinct markets, and it was decided to study the professional rather than the general market in the major study.

The third study was the culmination of the previous two studies. It analyzed participants attending professionally oriented continuing education courses in some detail. The study determined that professional continuing education courses readily followed the theory of threshold pricing, and it clearly indicated that threshold pricing was applicable and workable as a marketing mix technique for continuing education administrators. Significance tests were generally confirmed for a variety of research hypotheses.

Setting of the Studies

The University of British Columbia Centre for Continuing Education operates within administrative restrictions defined by the concept of marginality. Its organizational influence within the structure of the University is less than that of an academic faculty, although the educational demands placed on the Centre's administrators and program planners normally surpass those of most academic faculties.

The Centre is given a pre-determined operating budget with which it presents faculty-approved academic credit courses to students who are completing a Bachelor's degree. At the same time, the Centre's program planners develop a wide range of non-credit educational offerings including courses, lectures, seminars and panel discussions for individuals involved in governmental, educational, and voluntary agencies and for the general

public. For the most part, these non-credit offerings have no pre-allotted budget and must be priced at least to pay for their operating and sundry costs and contribute to the growth of the organization. The program planners are therefore faced with basically the same pricing and product-development decisions as private enterprise marketing managers. However, the Centre's administrators are not organized to determine if their pricing philosophy as expressed through their pricing strategy and course prices is acceptable to the participants. Furthermore, the Centre has yet to study the effect of course price changes (especially increases) on their participants or particular segments of this apparent heterogeneous market.

FOOTNOTES

1. M. Lamoureux, Pricing and Marketing in Adult Education; A Paper presented to The Lower Mainland and Fraser Valley Continuing Education Administrators Association, Burnaby, B.C., May 30, 1975.

2. For A Detailed Study of these Pricing Methods, see: M. Lamoureux, Economic, Psychological and Marketing Price Concepts for Adult Educators, op. cit.

3. For this study the "professional participant market" included those individuals who attended non-credit courses which were developed for teachers or other professionally oriented individuals. "General participant market" included all other individuals who attended courses developed for the general public.

CHAPTER II

COURSE PRICES AND PARTICIPANT REACTION

The study of course prices and participant reaction reported in this chapter involved four major objectives: (1) to describe the price decision process in the University of British Columbia Centre for Continuing Education to determine if the process can be placed within the three-part price strategy paradigm; (2) to describe course participant reaction to the Centre's fee structure to determine course fee acceptability by the participants; (3) to determine if a specific non-price "cue" (length of course) presented by Verner and Neylan could be a major course enrolment factor and; (4) to determine if a significant interaction occurs between course fee and course length as both may affect course enrolments.

Details of the Centre's pricing process, pricing mechanism, and pricing strategy were acquired from an interview with Dr. Knute Buttedahl, then Associate Director of the Centre. Based on these extensive discussions, the Centre's pricing strategy was placed into one of the pricing paradigm's sub-categories.

Perceived acceptability of the course prices offered by the Centre was determined by an analysis of 699 conducted and 238 cancelled courses. They were offered during a two-year period, 1971-73, and were composed of both general (521) and professional (416) courses. The interactive effect of course price and course length on participant enrolment also was analyzed.

The Centre's Pricing Process

Every three to five years, program planners and Centre administrators meet to discuss the fee structure.* Consideration is given to changes in

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* In view of the inflationary pressures during the last three years, this review has had to occur more frequently.

direct or out-of-pocket costs as well as overhead costs that have occurred since the previous fee structure decisions. Any cost variations that are expected to occur in the foreseeable future are also discussed.

Budget variations amounting to general additions and deletions or those related to specific content areas are analyzed for their impact on given program areas or potential program considerations. For example, there was a substantial budget cut during 1973-74. The basic pricing formula was discussed in relation to this budget cut, although no definite fee structure changes were made.

Feedback from participants is given some weight in the pricing process. If it is discovered that certain courses draw a lower but highly interested socio-economic group, consideration is given to lower than normal fees. Attempts are made to cut expenses for courses in such cases. On the other hand, if it is observed that a course may draw a professional group of participants whose educational expenses are being paid by their organizations, it is conceivable that higher than normal fees would be charged.

Competition in the local geographical area from other continuing education institutions is considered. Competitive publicity brochures are scrutinized to determine if such courses are different than, similar to or exactly the same as the Centre's. From this analysis, fee variations among other adult education institutions aid in determining their potential effect on Centre enrolments.

The final factor in the price decision process may be defined as a general feeling or attitude toward the overall situation as it is and as it is expected to be. A combined intuitive knowledge of the professional program planners is used to acquire "gut feelings" about specific courses, fees and present fee structure. The above process has led to the present pricing philosophy which may be defined as a "minimum fee attitude"; that is, the Centre "does not try to maximize profit".

The general pricing philosophy of the Centre has allowed the use of a basic pricing formula. There are three fundamental objectives to the formula: (1) to provide consistent guidelines for program planners;

(2) to provide guidance so that one program area does not undercut (in a price sense) another related program area; and (3) to minimize negative participant reaction through reasonable consistency in course fees.

The pricing formula is only a guideline and variations do and must occur. For example, as a result of the 1973-74 budget cut, program planners have had a tendency to add an extra amount where possible and in a rather ad hoc fashion. Furthermore, the tendency to relate the type of courses to the type of participants; that is, general versus professional programs, has allowed for more selective price variations not related solely to course costs.

Mechanics of Course Price Determination

The program planner in the Centre has six basic steps for deriving a course fee: (1) define a need in the community that may be satisfied by some form of education program which could be given through the Centre; (2) develop an idea about the type of course to be presented; (3) form some general opinion about the nature of the potential participants; (4) decide on the length of the course, that is, the number of contact hours or sessions, date and place of the course, and instructor; (5) prepare a rough budget to see if the potential course is financially feasible; and (6) using a standard fee formula, determine the course fee by multiplying the number of contact hours for the course by one of two dollar figures--one for professional courses and one for general courses. This dollar figure is compared with the expected expenses. If the standard figure derived from the fee formula is equal to or greater than the dollar expenses (less grants, if any) the course is a potential "go".

Not all course fees fall within the above range. Some must be priced at a lower level. This, however, does not mean that a course will be cancelled. If the program planner can give a creditable rationale for having the course, it is generally accepted by the Centre administrators.

Summary and Conclusions

A three-part pricing strategy for continuing education programs was previously developed. In essence, the program planner could use a backward

pricing system whereby he only considers the relationship between the out-of-pocket (variable) costs, the overhead (fixed) costs and the number of participants needed to just pay for the course (break-even point). No consideration is given to course fee variations for different types of participants.

Secondly, he could act somewhat like a product marketing manager and, after having analyzed the market for the course, construct a pricing schedule which not only attracts the participants, but also earns the highest possible monetary return.

Finally, he could, as most adult educators do, combine the above two strategies. On the one hand, the historical use of backward pricing by continuing education institutions could be adopted as a safety feature; whereas knowledge gained from some form of community-market analysis could aid the program planner in developing selective price schedules for potential groups of participants. He would therefore combine the need to formally present a break-even factor for each course to satisfy a philosophy of "reasonable prices" and at the same time, attempt to earn an acceptable rate of return.

It is clear that the University of British Columbia Centre for Continuing Education has organized itself around the third pricing strategy. As discussed above, the Centre works on a backward or break-even technique, but this is varied according to the type of participant who may enrol in the specific course. Thus, course prices are generally higher for the professional groups and lower for the general public (Table 1).

TABLE 1

FEE STRUCTURE VARIATIONS BETWEEN PROFESSIONAL AND GENERAL COURSES

Fee Schedule	General Courses	Professional Courses
Less than $6	7.8%	6.7%
$ 6 - $ 9	12.1	9.5
$10 - $15	20.6	11.6
$16 - $20	20.7	10.7
$21 - $25	6.1	4.3
$26 - $30	8.1	8.8
$31 - $50	12.8	10.8
$51 or more	11.8	36.6
	100.0%	100.0%
	397 courses	328 courses

Pricing Strategy and Participant Behaviour

Price threshold theory states that upper and lower price bounds exist around a consumer-determined "acceptable" or "fair" price (whether actual or perceived) for a product or service.[2] Given the theoretical base and analysis of the multitude of courses offered by the Centre, the following questions were posed:

1. Did the Centre's pricing strategy lead to course pricing that could be perceived as "fair" or "acceptable" by the participants?
2. Could price, relative to other motivating factors, be considered as generally non-significant when a participant is attempting to decide about attending a Centre course?

Length of Course Versus Enrolment

Verner and Neylan examined attendance patterns for various kinds of public school adult education courses. Their results clearly pointed out that course length influences attendance. "Furthermore, no course studied achieved complete attendance at any time ... the data show a mean percentage loss of 30% in all courses".[3]

It was of interest to extend the Verner and Neylan study by analyzing the effects of course length on initial enrolment. Inasmuch as the previous study aided program planners concerned with the behavioural characteristics of participants after they entered a course, it would also be helpful to understand the potential relationship between course length and participant behaviour before the"purchase" of a continuing education course. If it is found that course length causes the same basic negative reaction in participant behaviour before enrolment as it has shown to do while participants are actually enrolled in courses, then a case could be advanced for short intensive courses over those with a broad scope and lengthy contact hours.

Analysis

An inverse and significant relationship between enrolment and length of course was substantiated by the study. Four professional course factors

relating length and enrolment level had a significantly negative correlation. General course factors follow the same pattern. The factors included enrolment by year, term, method and location.

Given these outcomes, one must consider that the Verner and Neylan observations are also reflected in a potential participant pre-enrolment decision process.[4]

Course Fee and Length Versus Enrolment: An Interaction

The previous analyses have inquired into the relationship between two variables that were suspected of being major determinants of course enrolment and acceptance. Summary conclusions would indicate that course length was the predominant variable between the two; however, the tests were conducted separately.

Two further statistical tests were therefore used to determine significant effects on course enrolment based on an interaction between course fee and length.

A regression analysis indicated course length to be the only significant independent variable when allowed to interact with course fee in determining course enrolment.

A partial correlation statistical method expanded the relationship between contact hours and enrolment, but controlled the effect of price. For both professional and general courses, the overall results obtained in this study coincided. Length of course negatively affected course enrolment, and this effect was significant. Course fee, on the other hand, did not affect enrolment.[5]

Summary

Analysis of the data indicated that participants' behaviour toward courses was, at least for the Centre of Continuing Education, not significantly

dictated by course fees. The Centre's pricing strategy therefore appears to coincide with the Centre's pricing philosophy and the pricing attitudes as expressed within the field of adult education.

Length of course, as suggested by Verner and Neylan, was used as a basis to study a second relationship: that of length of course versus participant behaviour, or, more specifically, potential for enrolment. Not only did course length negatively affect participant attendance while the course was in progress, as expressed by Verner and Neylan, the study presented in this chapter concluded that course length appeared to have the same basic negative effect on potential participants when the latter considered enrolment into a course.

In summary, the course fees as developed through the standardized formula at the Centre for Continuing Education had little or no adverse effect on course enrolment, and, as suggested by threshold theory, the fees did not approach any upper or lower boundary. They were, in fact, within the acceptable range for the majority of participants.

FOOTNOTES

1. Coolie Verner and Marget Neylan, "Patterns of Attendance in Adult Night School Courses", Canadian Education and Research Digest, Vol. 6 (September, 1966), pp. 230-240.

2. Jan Stapel, "'Fair' or 'Psychological' Pricing?"; Journal of Marketing Research, Vol. 9 (February, 1972), pp. 109-110.

3. Verner and Neylan, op. cit., p. 238.

4. For detailed statistical analyses see: Marvin Lamoureux, Threshold Pricing In University Continuing Education, Unpublished Doctoral Dissertation, Vancouver, B.C.: University of British Columbia, 1975, Chapter 3.

5. Ibid., Chapter 3.

CHAPTER III

PRELIMINARY MARKET STUDY

A questionnaire was developed for random distribution to participants attending the University of British Columbia Centre for Continuing Education's 1974 Summer Session. The objectives of this study were to: (1) test a newly designed survey questionnaire; (2) acquire some preliminary socio-economic, participation and attitude data from participants attending non-credit general and professionally-oriented education courses, and; (3) test some basic constructs about threshold pricing as they apply to the Centre's pricing strategy.

Fifteen non-credit courses were randomly chosen from 56 such courses given during the 1974 Summer Session. The courses were drawn from two broad categories and included:

Rocky Mountain Fieldtrip
Intermediate Science Curriculum Studies
Special Education Services in Sweden
Woodcut Printmaking
Wall Hanging Workshop
Spinning and Dyeing Workshop
Cameras in the Classroom
Exploration in Drawing
Tapestry Workshop
Respiration for Relaxation
Prose Writing Workshop
An Educational Travel Program
Pottery Workshop
Autogene Feedback Training
Education-travel Showcase

The courses involved both a wide range of content and tuition fees--free of charge to $235.00 for general courses, and $30.00 to $60.00 for professional courses.

Participants were chosen randomly from each class. A total of 119 respondents completed and reacted to the questionnaire. Professional courses contributed 49 respondents and general courses 70 respondents.

Each questionnaire that contained some form of criticism was analyzed. This procedure allowed for judgments about questionnaire distribution techniques, questionnaire layout and participant confusion, alienation and reaction to specific questions. The objective was to develop a higher level of questionnaire acceptance among the participants for the third study.

Analysis of the participants' socio-economic factors, general response patterns and participation patterns was conducted using various statistical tests available through the University of British Columbia Computing Centre programs. The specific analyses included chi-square tests, hotelling-t^2 tests, and cross-tabulations for descriptive presentations.

Respondents' Socio-Economic Composition

Eight of the ten socio-economic variables differed significantly between professional and general participants. These variables included: marital status, age, years of formal schooling, occupational status, employability, distance travelled to the course, location of residence and income levels (Table 2).

Participants who attended non-credit professional continuing education courses, when compared with general course participants, had a greater tendency to be married (64.6% versus 40.0%); were younger (35.3 years versus 38.8 years); had more years of formal education (16.3 years versus 14.6 years); were involved in positions having a higher occupational status (67.5 points versus 52.2 points); were employed more (87.5% employed versus 62.3% employed); travelled a greater distance to get to the courses (26.3 miles versus 8.7 miles); did not come from Vancouver (31.3% versus 77.1%), and had higher income levels. No significant difference occurred for number of dependents and sex categories.

The professional participants also had a greater propensity to have their fees paid by others (23.4% versus 12.1%). Who actually paid for the program fees was asked as an open-ended response question. The responses were classified into two major categories. Ninety per cent of the professional group who obtained fee payments received them from their employer. The general group obtained their fee payments from relatives (87.0%) or their employer (13.0%).

TABLE 2

SOCIO-ECONOMIC COMPOSITION

A HOTELLING-T^2 ANALYSIS

Socio-Economic Factors	General Participants	Professional Participants	Difference Between the Means
	Mean Score	Mean Score	
Age	38.8 years	35.3 years	3.53*
Formal Schooling	14.6 years	16.3 years	- 1.76*
Occupational Status	52.2 points	67.5 points	-15.30*
Distance Travelled	8.7 miles	26.3 miles	-17.53*
Number of Dependents	.4 persons	1.5 persons	- 1.01

*$p < .05$ (significant difference)

General participants were mostly from Vancouver and consequently travelled less distance to attend courses than professional participants. A chi-square test on place of residence revealed a significant difference between the two participant groups. Only 31.3% of professional participants lived in Vancouver, whereas 77.1% of the general participants were from Vancouver. Professional participants travelled an average of 26.3 miles and general participants averaged 8.7 miles. The distribution of respondents by place of residence is shown below (Table 3).

TABLE 3

RESPONDENTS' PLACE OF RESIDENCE

Place of Residence	General Participants	Professional Participants	Combined
Vancouver	77.1%	31.3%	58.5%
North Shore	11.4	10.4	11.0
Burnaby	4.3	4.2	4.2
New Westminster	-0-	6.3	2.5
Port Coquitlam and Coquitlam	-0-	4.2	1.7
Richmond, Delta and Surrey	1.4	10.4	5.1
Lower Fraser Valley	-0-	4.2	1.7
Upper Fraser Valley	2.9	2.1	2.5
Other	2.9	27.1	12.7
Total	100.0%	100.0%	100.0%
	N = 70	N = 48	N = 118

As for income levels, general participants were concentrated either in the two lower income categories (42.19%) or the two upper income categories (34.37%). Professional participants were concentrated in the middle income category (45.65%) or the two upper income categories (39.14%). In comparing the variances, the outcome clearly indicates that professional participants earned significantly greater family incomes than general participants.

TABLE 4

INCOME LEVELS

Income Levels	General Participants	Professional Participants	Combined
Less than $ 6,000	25.00%	10.86%	19.08%
$ 6,000 - 9,999	17.19	4.35	11.82
10,000 - 14,999	23.44	45.65	32.72
15,000 - 19,999	14.06	19.57	16.36
20,000 or greater	20.31	19.57	20.02
Total	100.00%	100.00%	100.00%
	N = 64	N = 46	N = 110

Educational and Community Participation

Two major questions relating to participation were pursued. One question asked about the respondents' participation in continuing education programs within one year prior to the course they were presently taking. The other question referred to involvement in organization and community activities at the time of the survey.

1. Educational Participation

A format similar to the Chapin Social Participation Scale[1] was used for the analysis of continuing education participation activities. The subjects were asked if the specific courses were general or professional in their orientation; if they completed and paid for the courses; how many hours they participated in continuing education; and if they formally participated in a course's instruction or planning (Table 5).

TABLE 5

HOTELLING-T^2 ANALYSIS OF THE CONTINUING EDUCATION PARTICIPATION SCORES

Variables	General Participants Mean Score	Professional Participants Mean Score	Difference Between The Means
Total Courses	3.26	2.33	.93
General Courses	2.54	0.98	1.56*
Professional Courses	0.71	1.37	- .65
Completed Courses	6.17	4.49	1.68*
Personally Paid	7.82	5.39	2.44*
Instruction Function	0.97	1.20	- .23
Development Function	0.79	1.20	- .42
Hours in Attendance	81.39	126.40	-45.00*
Total Points	17.45	14.78	2.71*

*$p < .05$ (significant difference)

No significant differences occurred in the mean number of courses attended and either group's participation in the instruction and development functions. The general group had a greater tendency to complete the courses and pay for tuition themselves. The completion factor appears to relate to the length of the professional courses in that each professional participant attended an average of 126.4 hours per course whereas each general participant attended an average of 81.4 hours per course.

2. Community Participation

As with education participation scores, a hotelling-t^2 test was used to determine significant variances between both participant groups. Sub-categories from within each organization participation scale were used for this test. The total number of organizations within which the respondents participated, whether local or national, was not significantly different between the groups. There were, however, four sub-categories which varied significantly: (1) frequency of attendance; (2) financial contributions; (3) committee participation, and (4) participation as an officer in the organization. In all these categories, the professional group surpassed the general group (Table 6).

TABLE 6

HOTELLING-T^2 ANALYSIS OF THE CHAPIN SOCIAL PARTICIPATION SCALE

Variables	General Participants Mean Score	Professional Participants Mean Score	Difference Between The Means
Total Organizations	1.86	2.87	- 1.01
Local Organizations	1.08	1.02	.06
National Organizations	0.79	1.89	- 1.11
Attendance Levels	2.60	4.81	- 2.21*
Financial Contributions	5.08	7.40	- 2.33*
Committee Participation	1.49	4.43	- 2.95*
Offices Held	1.15	3.72	- 2.57
Total Points	12.10	23.30	-11.14*

*$p < .05$ (significant difference)

Program, Institutional and Price Response Patterns

Respondents were asked to indicate their attitudes about the following: (1) the course they were attending; (2) comparable courses in other educational institutions; (3) course price; (4) consumer search and awareness; (5) use of outside financial aid; (6) reasons for attending Centre courses; (7) their need (economic or personal) for attending Centre courses, and (8) their ability to judge among competing courses. This combination of participation data and marketing research information was deemed necessary to determine factors which may influence consumer attitudes about the course price structure of the Centre.

Score variations between both groups for most factors were statistically non-significant. Both participant groups appraised themselves as: devoting a reasonable amount of time to planning their course purchase; satisfying personal rather than economic needs, and having a fair to good ability when pre-judging a course's characteristics or competition.

1. Program Responses

The amount of effort that participants devoted to planning their course "purchase" remained consistent between both groups and was defined by the participants as "the usual amount". This may be interpreted through the goods classification concept as a shopping good attitude.[2] In either case

the amount of purchase pre-planning is neither trivial nor extraordinary.

Both groups decided that the courses satisfied a personal rather than an economic need. With 3.0 signifying a "below average" index score it was rather surprising that professional participants did not define their courses as satisfying an economic (2.00) rather than a personal need (6.55).

The participants felt that their ability to pre-judge a course's characteristics was rather good. In other words, they personally did not feel uneasy about a potential course before entering it and were confident about their own decision-making procedure as it related to course content, objectives, and quality.

The same judgemental outcomes occurred when the participants were asked to rate their ability to judge the difference between similar types of continuing education courses offered at different local educational institutions.

The participants' self-perceived ability to judge a course's value and place in the competitive market was further enhanced by an adequate self-perceived ability to estimate a course's price. Although the scores were somewhat lower than those relating to course content pre-judgment abilities, the responses were into the "fair" category. Once again, both groups had a relatively high self-appraisal of their abilities to judge course offerings even though their shopping methodologies did not substantiate this perception.

Clearly the Centre participants perceived themselves as rather good consumer shoppers when deciding upon a continuing education course and a specific institution.

2. Institutional Responses

Participants were asked to rate other types of institutions relative to similar course offerings as against the University of British Columbia Centre for Continuing Education equivalent. Both groups had similar attitudes about all four institutions. They agreed that community colleges and private

profit-making institutions could offer similar courses, although some differences might be expected. The high schools and community centres fared somewhat poorly and bordered on the lower end of the "no difference" zone and toward the "significantly worse" zone.

The study also attempted to determine if the subjects actually searched for other competing institutions. Seventy-three percent of the respondents indicated that they went directly to the University of British Columbia Centre for Continuing Education. The reason for their non-search attitude was asked within the structure of the same question by an open-ended technique. Nine distinct response categories were identified from 92 responses. Over 20% of the general and 28% of the professional participants "assumed no other institutions offered the courses". Added to the latter response, the feeling that "the University of British Columbia's offering was much superior" increased the two percentages to over 37% for general participants and 35% for professional participants. Direct advertising and promotion appeared to have little effect, although the University of British Columbia's image may be considered as part of the overall promotional presentation.[3]

In conclusion, professional and general participants also showed little awareness (25.0%) about courses offered by other educational institutions. This result closely related to the participants' search procedures, where only 27% of the participants even bothered to look for alternative educational institutions. There appeared to be little doubt about the effect of the University of British Columbia's "image" on their decision making.

3. Pricing Responses

Participants were asked to indicate high and low price thresholds for the course they were attending. This question gave clear evidence, other than the demographic statistics, that the general and professional participants represented two distinct marketing groups.

Pricing attitudes of the professional group varied distinctly from the general group. A price range existed for the professional group ($66.20 to $20.60) which reflected the first part of threshold pricing theory. The average price for each course was between the upper and lower thresholds ($41.20) which reflected the second portion of threshold pricing theory. The general group reacted as the first portion of the theory indicated and had a price range ($46.20 to $12.50); however, the average course price fell out of this range ($51.10). Furthermore, only 71.4% of the general participants answered the high threshold price question, whereas 91.8% of the professional group responded. Some 68.6% of the general group responded to the low price threshold, with 79.6% of the professional group responding to this threshold price.

A second price differentiation between the groups occurred in the average prices and standard deviations. The professional group had a tighter price range ($41.20 average price and an $11.80 standard deviation) than the general group ($52.10 average price and a $71.90 standard deviation).

TABLE 7

COURSE PRICE CONSIDERATIONS

A HOTELLING-T^2 ANALYSIS

Price Factors	General Participants Mean Score	Professional Participants Mean Score	Difference Between The Means
High Price Threshold	$ 46.20	$ 66.22	- 20.03*
Low Price Threshold	12.47	20.64	- 8.17*

* $p < .05$ (significant difference)

In summary, the general participants were willing to pay the given course fee, but felt that such courses should be priced somewhat lower than at present. Professional participants appeared to take a more "price and imputed quality" approach. They defined a price-value relationship and

tended to feel that professional courses, in order to be worth their while, should have been priced at some level other than free to ensure quality.

Attitudes Toward Continuing Education

Responses to a question regarding general attitudes about continuing education suggested that it was highly regarded by both groups of participants, with little variation between or within the groups. As the mean scores were close to the maximum obtainable, both groups clearly possessed strongly favourable attitudes toward continuing education.

Attitudes toward continuing education were also analyzed using the Adolph and Whaley scale (1967).[4] The participants in professional courses had a mean score of 7.02 and general interest course participants had a mean score of 6.94. These data support the generalized attitude measure reported above, and indicate strongly favourable attitudes on the part of both groups of participants.

Summary

A hotelling-t^2 analysis was performed on the total data to give an overview of the socio-economic, price, attitude, judgment and other responses demonstrated by the respondents.

Significant differences between the two groups occurred in eight out of the ten socio-economic variables: age, formal schooling, employability, occupational status, distance travelled to the course, marital status, location of residence, and income levels. Significant differences between the sex composition of the groups and the number of dependents per respondent in each group were found not to exist.

All other judgemental questions concerning the respondents' ability to determine the value of other institutions, and potential courses, economic and personal need levels, and continuing education per se were

found not to differ between the two groups. Both groups had a low response to the amount of search they conducted before taking a course. They had basically the same reasons for not searching for other competing institutions, and both groups were equally unaware of similar courses being offered by other local educational institutions.

Professional participants had a greater tendency to acquire outside financial aid. The significant difference related to this variable was the source of the financial aid. General participants received most of their aid from relatives (87%) and professional participants received aid from employers (90.0%).

The major source of differences between the two groups, other than their socio-economic characteristics, was their reaction to the price threshold concept. It is quite clear that professional participants embraced the "price and imputed quality" foundation of threshold pricing, whereas the general participants accepted price thresholds as given but still felt that their courses should have been given at a lower price. The "price and imputed quality" factor, although major for one group, was minimized for the other; that is, the general course participants. Although both groups had the same basic judgemental attitudes about continuing education, their demographic characteristics and their price attitude variance caused the groups to be defined as two distinct consumer markets for the services offered by the University of British Columbia Centre for Continuing Education.

FOOTNOTES

1. D. Miller, Handbook of Research, Design and Social Measurement, New York: David McKay, 1970.

2. W.J. Stanton and M.S. Sommers, Fundamentals of Marketing, Canadian Edition, Toronto: McGraw-Hill, 1972, p. 147.

3. Ibid., pp. 467-476.

4. T. Adolph and R.F. Whaley, "Attitudes Toward Adult Education", Adult Education, Vol. 17 (Spring, 1967), pp. 150-158.

CHAPTER IV

THRESHOLD PRICING: A DETAILED STUDY OF PROFESSIONAL NON-CREDIT EDUCATION COURSE PARTICIPANTS

That participants in professional non-credit education courses appeared significantly different from their general non-credit course counterparts led to a closer examination of the former.

Two hundred and forty-two participants in eleven courses completed the questionnaire. The narrower course range and greater participant size allowed a more detailed definition of selected socio-economic factors, education and community participation characteristics, general pricing attitudes than the Preliminary Market Study.

The following eleven professional education non-credit short courses offered by the Centre were used for this study:

Classroom Management For Teachers
Computer Course For High School Teachers
The Adult and Learning Child in Group Settings
Music and Movement: Realizing Your Own Creativity
The Young Child In Society
Exploring Creativity With Young Children
Teaching With Feelings: Understanding Emotions
Elements of Instruction
Technology of Instruction
Reading Improvement
Writing Improvement

All participants in each course completed the major study questionnaire.

Respondents' Socio-Economic Composition

Participants attending professional non-credit education courses at the Centre averaged 31 years of age; were responsible for more than one dependent; attended 14 years of formal schooling; obtained 62.1 points on the Blishen Occupational Status Index; travelled an average of 13.8 miles to attend the classes, and had an average income of $14,473. Sixty-nine per cent of the respondents declared $12,000 or greater annual incomes.

Participants had a greater tendency to be married (57%) rather than single (37%) or "other" (6%). More males (55%) than females (45%) attended the Centre's summer program; however, wide variations occurred among the separate courses. Seventy per cent of the participants indicated they were employed at the time of course attendance while 30% were unemployed.

Although the daily travelling distance averaged 13.8 miles, 24 per cent of the participants were not from the lower mainland but living on or near the campus for a course's duration. A presentation of permanent places of residence is given below (Table 8).

TABLE 8

RESPONDENTS' PLACE OF RESIDENCE

Vancouver	37.27%
North Shore	12.03
Burnaby	6.22
New Westminster	2.07
Port Coquitlam and Coquitlam	4.98
Richmond, Delta and Surrey	10.37
Lower Fraser Valley	2.49
Upper Fraser Valley	2.49
Other	24.07
	100.00%

In summary, participants attending the 1974 Centre summer program of courses were generally middle class Canadians. Most were above 30 years old, were college educated, held non-labouring jobs, and earned an above-average income.

Program and Institutional Response Patterns

The respondents were requested to present their attitudes about the following: (1) the course they were attending; (2) comparable courses in other educational institutions; (3) consumer search and awareness levels; (4) economic and personal needs related to the courses; (5) ability

to judge among competing courses, and (6) attitudes about continuing education. The combination of participation data and marketing research information aided in the determination of factors affecting course price attitudes.

1. Program Response

The participants' expected satisfaction to be derived from a course was more personal than economic.

Their general self-rated ability to pre-judge courses, course fees and competition were all rather constant and rated at a "fair" level. Thus, they are somewhat ambivalent about themselves as consumers of the service. This observation would give some justification for classifying continuing education courses as "shopping goods".[1] These courses may therefore be rather susceptible to the psychological aspects of pricing, threshold price considerations and a price and imputed quality value judgment.[2]

Two rather obvious reasons were found for the feelings of indecisiveness: (1) lack of "search" for alternatives courses given by competing educational institutions, and (2) lack of a general awareness about the availability of other courses. Only 37% of the participants attempted to search for alternative courses, and only 25% of the participants were aware of courses given by other institutions. These latter respondents noted just one other competing institution.

2. Institutional Response

The participants were asked why they attempted no search procedure. The University of British Columbia's "image" as a superior educational institution dominated directly or indirectly, the participants' reasons for not "shopping". Fifty-six per cent of the reasons related to "assumed no other institutions" (26%), "previous experience" (13%) and "recommended or ordered" (17%). If "location" (16%) is included, the total increases to 72%.

In order to give more scope to the above attitudes, participants were asked to rate four other institutions (Table 9). Although the results were somewhat inconclusive, it is apparent that no other institutional type is considered superior to the Centre for Continuing Education, and all, except community colleges, rate at the lower end of "no difference" or directly in "significantly worse".

TABLE 9

PARTICIPANT ATTITUDE TOWARD OTHER INSTITUTIONS

Institutional Type	Average Score	Number of Respondents
Community Colleges	4.97	236
High Schools	4.41	237
Community Centres	3.80	230
Private Schools	4.24	226

Where: 4.00 - 6.99 points = "no difference"
1.00 - 3.99 points = "significantly worse"

It should also be noted that participant attitudes about continuing education were rated at a mean of 7.57 using the Adolph and Whaley scale.[4] A score of 8.70 is the maximum obtainable on that scale, and the original group of respondents used by Adolph and Whaley in the construction of that scale had a mean score of 6.97. These data indicated a very favourable attitude about continuing education among the participants in these Centre developed non-credit professional education courses.

Shopping Behaviour Relationships

It has been stated that knowledge about the goods or services available on the market is directly related to the consumers' amount of search and level of competitive awareness.[3] This relationship was tested by relating the participants' search and awareness factors to their self-perceived abilities concerning continuing education services.

The participants were asked two questions: Did they search for any other services, and were they aware of any other services? The "yes" - "no" responses were given statistical designations and a relationship between these two outcomes and the three consumer self-perceived abilities was derived. These abilities were defined as: course pre-judgment ability, ability to judge a competing course, and ability to predict a course fee.

The fact that participants did search for other courses and/or were aware of the courses was positively related to all three ability judgments.

Awareness of other courses was the dominating factor affecting the participants' feelings about their ability to judge other competing courses and predict course fees. The fact that participants actually took time to search for other courses significantly affected their perceived ability to predict a course fee and, to a lesser degree, ability to judge competing courses.

Summary

The courses offered through the Centre may be classified in marketing terms as "shopping goods". Their value, characteristics, price and competitive factors were not clearly understood by the users. The latter point was, to some extent, modified by the lack of search and low level of competitive awareness displayed by the participants. It was also apparent that the perceived superior image of the University of British Columbia Centre for Continuing Education inhibits the users' desires to search for or be aware of alternative course offerings.

Finally, the participants had a very strong and positive attitude about continuing education and, in this respect, attended Centre courses with needs which were more personal than economic in nature.

Pricing and the Adult Participant

The latter portion of this chapter will deal with the basic relationships that occurred between price thresholds and various socio-economic, program and institutional factors. These relationships were used to test the various hypotheses derived from the literature review and Preliminary Market study.

1. Relationships between a "standard" price and upper and lower bound prices.

Threshold pricing theory states that the price range which includes both the upper and lower bound prices should vary around a "standard" product price.[4] For this study the "standard" product price was the mean price charged for all courses attended by the participants. The upper bound and lower bound prices were the mean scores obtained from the participants' response when they

were asked to present both an upper and lower bound price for the course they were attending.

Although the literature does not specifically state that the upper and lower bound prices should vary significantly from the mean price of the good or service, it has been tested for such an occurrence. This would give some reliability to the observations made previously about the participants' "fair" or "acceptable" perception of the Centre's course prices. If there was a significant difference between the mean course price and the upper and lower bound prices, with particular reference to the upper bound price, then raising the course fees to some degree would not affect attendance to such an extent that total revenue would drop. In economic theory terms, the demand curve would be classified as "inelastic".[5]

Based on a statistical test (T-test) between the mean course price and the separate participant designated upper and lower bound mean prices, there was a significant difference noted between the price of the professional non-credit education courses and the participant designated upper and lower bound prices for these courses.

Fouille[6] and Emry[7] have observed that consumer determined upper and lower bound thresholds are functionally related to the price of the good or service under discussion, or at least some average of related goods. Therefore, if the good is perceived as being in a class of expensive items, then the threshold range will relate to that higher price framework. If the price class is perceived as inexpensive (gum, soda pop) then the threshold range will relate to that lower price level. To judge if continuing education courses also show this price class-threshold price relationship it was predicted that high and low bound participant determined threshold prices will relate directly to the price of the courses.

A significant correlation between the mean course price and the participant determined mean upper bound price and mean lower bound price indicated that Fouille's and Emry's observations about product prices in the private market also holds true for continuing education services.

2. Relationships between threshold prices and various participant socio-economic factors.

Participants' choice of both high and low price threshold bounds may be positively associated with their level of wealth and their commitment to continuing education. To test this generalization, nine separate socio-economic factors, four designated as wealth and five as continuing education commitment were related to the participants' choice of their upper and lower bound prices (Table 10).

The participants' choice of an upper bound price was clearly related to all four "wealth" factors. These factors include: (1) employability status (was the participant employed or un-employed); (2) job status, Blishen score; (3) income; and (4) payment of fees by some other source. The lower bound price had the same relationship as the upper bound price as far as employability status and job status score was concerned. The relationship was not quite as strong with the income and fee payment factors.

TABLE 10

RELATIONSHIP BETWEEN THRESHOLD BOUND PRICES AND PARTICIPANT "WEALTH" FACTORS

	Upper Bound Price	Lower Bound Price
	r	r
Employability status	.35[1]	.26[1]
Job status score (Blishen Index)	.32[1]	.24[1]
Income	.18[2]	.13[3]
Payment of fees by some other source	.18[1]	.11

Where: r = 1 = $p < .01$; 2 = $p < .02$; 3 = $p < .10$

r = Correlation coefficient

The participants' commitment to continuing education was composed of; (1) total hours devoted to continuing education; (2) personal need score; (3) economic need score; (4) attitude toward continuing education; and (5) place of residence.

Once again it was expected that there would be a positive relationship between these continuing education "commitment" scores and participant upper and lower bound threshold choices (Table 11).

Although all "commitment" factors were positively related to participant designated upper and lower bound threshold prices, total hours devoted to continuing education, place of residence and economic need score significantly correlated with participant price responses. The Adolph and Whaley Index (attitude toward continuing education) and personal need score, although positive, appeared to have little associative value with respect to price boundaries.

TABLE 11

RELATIONSHIP BETWEEN THRESHOLD BOUND PRICES AND PARTICIPANT COMMITMENT TO CONTINUING EDUCATION

	Upper Bound Price	Lower Bound Price
	r	r
Total hours devoted to continuing education	.20[1]	.22[1]
Personal need score	.01	.09
Economic need score	.14[2]	.13[3]
Attitude toward continuing education	.04	.05
Place of residence	.33[1]	.25[1]

Where: r = 1 $<.01$; 2 = $p < .05$; 3 = $p < .10$

3. Some negative considerations

To this point, positive participant factors related to the upper and lower bound price determination have been tested. There are, however, some potentially negative factors which should be considered. The first negative factor would be participant attitude about other educational institutions; that is, the more positive they are about the educational offering of a competing institution the less likely they would show any direction toward a high level for the upper bound price schedule for Centre

courses. Ability to predict course fees, pre-judge course characteristics and judge competition would also be negatively related to participant desire to present high upper bound prices since confidence in their judgment would suppress extremely high price presentations.

Other than participant attitude about community colleges and ability to judge a competing course, all other factors followed the expected consumer behaviour patterns as suggested in Marketing Management,[8] that is, the factors were negatively related to participants' determination of a high price bound score. Attitudes about their pre-judgement ability and high school adult programs had the highest negative relationship, followed by community centres, private profit-making schools and ability to predict a course's fee. Clearly a positive attitude about other institutions affected the maximum that participants would be willing to pay for a course at the Centre.

In conclusion, one of the foundations of threshold pricing is the acceptance of a price and imputed quality attitude by a consumer of products or services. It was assumed that the individual, when asked to designate a lower bound price threshold, will not state a $0 level. He will, in fact, begin to suspect the value of an item (or service) if it is available for free, or approaches $0.

A simple count of those participants who stated a $0 dollar lower bound price, as against all others, revealed that they were in the minority, constituting only 8.5% of the respondents. It would therefore appear that the price and imputed quality concept exists for the non-credit professional education courses offered at the Centre.

Summary

The prior analysis indicated that the "standard" program price was significantly different from the participant designated upper and lower bound price schedules; that the threshold price structure significantly varied with the course price; and that an apparent price and imputed quality attitude existed relative to the Centre's non-credit professional education courses.

Participants' upper bound price designations were positively and significantly affected by: (1) the fact that they were employed rather than

unemployed; (2) their job status score on the Blishen Index; (3) their income; (4) the fact that some other source paid their fees; (5) the number of hours devoted to continuing education over the last year; (6) their economic need score, and (7) their place of residence. Significant but negative relationships occurred relative to participants' attitudes about: (1) other educational institutions--high school adult programs, community centres and private profit-making schools--excluding community colleges; (2) ability to pre-judge course characteristics, and (3) ability to predict a course fee.

Participants' lower bound price choices were positively and significantly affected by: (1) the fact that they were employed; (2) their job status on the Blishen Index; (3) the number of hours devoted to continuing education over the last year; (4) their place of residence, and to a lesser degree, (5) their income, and (6) their economic need score.

In general, the theoretical foundations of threshold pricing appear to be applicable to non-credit professional continuing education courses offered by the Centre for Continuing Education.

FOOTNOTES

1. W.J. Stanton and M.S. Sommers, Fundamentals of Marketing, Canadian Edition, Toronto: McGraw-Hill, 1972, p. 147

2. R. Peterson, "The Price-Perceived Quality Relationship: Experimental Evidence", Journal of Marketing Research, Vol. 7 (November, 1970), pp. 525-528.

3. Stanton and Sommers, op. cit., pp. 394-442.

4. Fred Emry, "Some Psychological Aspects of Price", in B. Taylor and G. Wills, Editors, Pricing Strategy, Princeton, N.J.: Brandon Systems Press, 1970, pp. 75-88.

5. P.A. Samuelson and A. Scott, Economics: An Introductory Analysis, Toronto: McGraw-Hill, 1966, pp. 404-406.

6. P. Fouille, "The Subjective Evaluation of Price: Methodological Aspects", in Taylor and Wills, op. cit., pp. 89-97.

7. F. Emry, op. cit., pp. 75-88.

8. Stanton and Sommers, op. cit., pp. 394-442.

CHAPTER V

IMPLICATIONS

Continuing education administrators may be compared with their marketing management counterparts in business and industry. Both are faced with market identification and satisfaction problems. Both must successfully compete for a portion of the consumer's budget in order to remain viable as service-producing institutions.

To resolve these marketing problems, continuing education administrators must present acceptably priced courses to the market at the proper time, in the proper location, and with an adequate amount of publicity. Although these four factors within the marketing mix (product, place, promotion and price) bear equal weight, the main focus of this project has been with price.

The study's major purpose as stated in Chapter I was to determine if the theoretical foundations described in threshold pricing were applicable to continuing education courses, in particular, those of the University of British Columbia Centre for Continuing Education. Based on results outlined in Chapters II, III, and IV it would appear that a threshold pricing attitude exists for participants attending both non-credit professional and general courses, with particular emphasis given to participants interested in the professionally oriented courses. This threshold pricing attitude and the specific data derived therefrom may have specific marketing outcomes for continuing education:

1. Price should not be considered as the sole purchasing determinant. In the development of a marketing strategy for various courses, the continuing education administrator should now begin to realize that course price is only one of many consumer purchase decision "cues" or criteria. Course length, for example, was shown to be a general purchase determinant. The consumer image of the educational institution also affected consumer attitude about the value of a course. This latter cue was especially reflected in rather low search and awareness levels exhibited by Centre participants;

2. Consumer acceptance of a price and imputed quality attitude about continuing education courses also expands the marketing scope of

continuing education administrators. No longer must administrators take a philosophical or administrative stand that the "cheaper the better" is a total, complete or truly valid marketing strategy. In fact, just the opposite may be true. It was clear for both general and professional courses that the participants may have suspected course quality or value if too low a price was advertised;

3. A market corollary to the above is the "state of the economy". Given the high inflation rate and budget restrictions faced by continuing education institutions, and given the fact that most participants are generally aware of both situations, this would be an ideal time to consider rather large (relatively and absolutely) course fee increases for a wide range of professional courses;

4. There were a large number of participants taking professional courses who had their fees paid by others. This point, along with an inflationary psychology, institutional budgetary needs and a participant-based price and imputed quality consensus, would indicate that a more aggressive pricing strategy should be considered. Furthermore, participants' incomes have risen and are rising at faster rates than course fees. In economic terms, this simply means that participants have more discretionary income to spend on equivalent consumption goods such as stage plays, movies, or courses given by other institutions. Therefore, the Centre's revenue should reflect these various income increases, institutionally paid tuitions, and non-price consumption cues.

5. The existence of "rough" price thresholds rather than elegantly defined demand curves expands continuing education administrators' price marketing strategy. They do not have to attempt to determine one "good" or completely acceptable course fee. Rather the range between the upper and lower bound thresholds allows a wider pricing latitude and a greater opportunity to increase total revenue. This latter point occurs because the administrators have a consumer determined price range with which to base normal cost related pricing schedules. They could note if a course price fell to either extreme of the price range and then decide whether the course price would be acceptable.

6. Throughout the study it became clear that continuing education non-credit professional and, to the same extent, general courses could be classified as "shopping goods". The courses represented this marketing

category for four reasons: (1) the participants definitely lacked "full knowledge of pertinent product features"; [1] (2) there were few, if any, bases for price comparison; (3) once the participants felt that they had found the right course, they were not too worried about the price, provided it was reasonable and fell within some participant defined threshold, and (4) the importance of the retailer (university) and its image were very important.

The marketing price implications related to the shopping goods classification are considerable. Because there were few bases for comparison, that is, little or no direct competition, and because the participants appeared generally incapable of acquiring full knowledge about comparative course characteristics, once they found the "right course" there was a good chance that the course was purchased. In both marketing and economic terms this means that the demand for the service tends to be inelastic and that the price of any particular course could probably be significantly raised without a corresponding decrease in enrolment.

The value of the university's image is considerable for this "good's" classification. Since the comparison procedure was difficult, participants had a tendency to look for best approximations when deciding on value to be received. The perceived quality of the institution was a strong influence on the shoppers' perception of the course's value. Given the above, the continuing education administrator should expect that "trading on" an institution's name could allow for course price increases without a significant enrolment loss, at least for participants already familiar with the institution.

The question then becomes: "Should the University of British Columbia Centre for Continuing Education administrators take advantage of the shopping goods category assumptions?" The response to questions concerning participants' inability to make certain market judgments, their lack of search for and awareness of competitive institutions, and their dependency on the "image" of the University of British Columbia weigh heavily in the Centre's favour. Clearly, it is in a dominant pricing position.

The general demand for the Centre's services is rather inelastic and the participants perceived no viable competition.

Although the Centre could probably raise its course prices substantially without a corresponding enrolment decrease, it remains to be determined whether the shopping goods classification is applicable to other forms of continuing education offered by other universities, community colleges, high school adult programs, community centres, and proprietary schools. It could be that the Centre is in a unique marketing position, not generalizable to other institutions offering continuing education.

7. A unilateral pricing strategy that depends solely on a backward costing approach to course prices has two major faults: (1) it may create a pricing schedule that falls out of a consumer acceptable price threshold, and (2) it may not allow the institution to gain the highest possible revenue from courses. By considering that the price of a course is not just a cost for the consumer, but also a "cue" as to the course's value, then alternative consumer-oriented pricing strategies which are not so mechanical as formula-based strategies could be considered.

The use of definable price limits for specific courses or groups of related courses provides an understanding of consumer pricing behaviour that has wider boundaries and therefore greater potential for marketing price decisions.

The variations between the upper bound mean and lower bound mean price schedules, when they were compared with the mean course price schedule, clearly indicated that the Centre had a definite opportunity to change a number of course prices if they wished. However, with their formula-based fee structure most Centre administrators were unable to know how the majority of participants would react to course price changes (particularly increases). Their decision flexibility was reduced and, as a consequence, their marketing efficiency was reduced.

Although price thresholds were statistically definable and a price and imputed quality factor attributed to the Centre's educational offerings, it is not known if this pricing theory is generalized throughout continuing education. The general applicability of threshold

pricing in education would need to be examined by re-testing the positive and negative participant factors related to the upper bound price threshold as well as the variations between the threshold bounds and course means.

8. Threshold price considerations and goods classification paradigms are adequate frameworks for pricing strategy; however, the key marketing question remains: "Who are the consumers?" or, in the case of continuing education: "Who are the participants?" An acceptable methodology for responding to these fundamental questions is referred to as "market segmentation".[2]

> Market segmentation, the most recent idea for guiding marketing strategy, starts not with distinguishing product possibilities, but rather with distinguishing customer needs or interests. Market segmentation is the sub-dividing of a market into homogeneous subsets of customers, where any subset may conceivably be selected as a market target to be reached with a distinct marketing mix. The power of this concept is that in an age of intense competition for the mass market, individual sellers may prosper through creatively serving specific market segments (markettes, or little markets) whose needs are imperfectly satisfied by the mass-market offering.[3]

Direct benefits to continuing education administrators from this marketing process include: (1) they are "in a better position to spot and compare marketing opportunities;"[4] (2) they can use their "knowledge of the marketing response differences of the various market segments to guide the allocation of their total marketing budget;"[5] and (3) they "can make finer adjustments of their product and marketing appeals."[6]

Thus, market segmentation increases the awareness of the continuing education administrators relative to heterogeneous markets faced by their institution. The efficient and effective use of threshold pricing methods within a goods classification can only be attained if administrators understand who the participants are, when they would likely purchase the service, and why and where they would purchase the service. Unfortunately, any large organization that presents a variety of goods or services to the public cannot assume that the market is homogeneous. Various sub-markets

must be identified for a marketing mix to be effective.

One form of market segmentation was identified for this study. Although the outcome of this segmentation process produced statistically identifiable markets, (general vs. professional participants), the marketing importance of these sub-markets can only be realized when a continuing education administrator acts by developing a marketing mix and evaluating the results relative to the standard procedures used previously. Other forms of market segmentation (demographic, psychological, economic) need to be developed for the Centre as well as other institutional forms of continuing education. It is only through expanded market research that the utility of various marketing techniques can be tested.

Although the above points do not exhaust the marketing considerations related to the study's purpose, they should give directions to continuing education administrators relative to an expanding use of a consumer based pricing strategy.

FOOTNOTES

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